St.Cousair
サンクゼール

Financial Results FY 2024 1Q

August 6, 2024



※ "Existing stores" is defined as stores that have been open for 18 months or more.



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Highlights

- During the first quarter of the consolidated cumulative period, sales were 4,597 million yen (down ▲4.3% year-on-year), and operating profit was 87 million yen (down ▲82.6% year-on-year), resulting in decreased revenue and profit.
- Store sales decreased by ▲8.4% year-on-year for directly operated stores and by ▲4.6% for franchised stores. The number of stores increased by one compared to the end of the previous consolidated accounting period (new store opening: one franchise store). Sales and customer numbers at existing stores saw a significant decline in April, due to the major impact of being featured on a nationwide TV program in April of the previous year, with sales down ▲21.3% and customer numbers down ▲18.4% year-on-year. However, measures such as product price rollbacks implemented sequentially from December 2023 led to an increasing trend in customer numbers from May onward (June +0.2% year-on-year), and an increase in the number of items purchased per customer, resulting in a rise in customer unit price.
- EC sales increased by 2.6% year-on-year. We are continuously working to expand the number of loyal customers through our app and EC site, and the number of users continues to grow.
- Wholesale sales decreased by ▲27.7% year-on-year, as the sales of some products to major retail chain partners struggled.
- Global sales saw significant growth, increasing by 130.6% year-on-year during the first quarter of the consolidated cumulative period. This was due to the increased sales of existing brands and the inclusion of sales from the Portlandia Foods brand, which was acquired in June 2023.
- Due to changes in the sales composition by channel and measures such as product price rollbacks implemented sequentially from December 2023, the gross profit margin for the first quarter of the consolidated cumulative period was 34.7%, a decrease of 5.5% year-on-year.

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Consolidated Results Overview

- Decrease in revenue and profit at all stages of profit.
- Decline in gross profit margin due to changes in the sales composition by channel, soaring raw material prices,and product price rollbacks implemented sequentially from December 2023. Efforts to reduce the cost of self-manufactured products are ongoing.
- Increase in selling, general, and administrative expenses is mainly due to rising logistics costs and increased labor costs from employee base pay raises.

Unit: ¥1K	1Q（4/2024～6/2024）		
		Previous period results	YoY
Net Sales	4,597,296	4,806,138	▲4.3%
Cost of goods sold	3,003,105	2,872,584	+4.5%
Gross profit	1,594,191	1,933,554	▲17.6%
Gross profit margin	*34.7%*	*40.2%*	▲5.5%
SG&A	1,506,889	1,430,922	+5.3%
Operating profit	87,301	502,632	▲82.6%
Operating profit ratio	*1.9%*	*10.5%*	*▲8.6%*
Ordinary profit	168,004	555,056	▲69.7%
Profit attributable to owners of parent	79,639	364,188	▲78.1%

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Sales by Sales Channel

●Brick & Mortar Stores (Directly Managed/Franchises)
Due to a significant impact from being featured on a nationwide TV program in April of the previous year, sales at existing stores in April of this fiscal year decreased by 21.3% year-on-year and customer numbers by 18.4% year-on-year. However, measures such as product price rollbacks implemented sequentially from December 2023 led to an increasing trend in customer numbers from May onward (June +0.2% year-on-year), and an increase in the number of items purchased per customer, resulting in a rise in customer unit price. For the entire quarter, sales were down 6.4%.

●E-Commerce ……Continued marketing efforts to expand the number of loyal customers resulted in a 2.6% year-on-year increase.
●Wholesale ……Sales to major retail chain partners struggled, resulting in a 27.7% year-on-year decrease.
●Global ……Sales grew by 130.6% year-on-year, driven by expanded sales to major retail chains in South Korea and Taiwan.

Unit: ¥1K	1Q（4/2024～6/2024）				
			Previous Period Results		YoY change
		Composition		Composition	
Directly Managed stores	1,464,411	31.9%	1,599,483	33.3%	▲8.4%
Franchises	1,779,087	38.7%	1,864,836	38.8%	▲4.6%
E-Commerce	303,822	6.6%	296,048	6.1%	+2.6%
Wholesale	621,263	13.5%	859,861	17.9%	▲27.7%
Global	428,711	9.3%	185,908	3.9%	+130.6%
Total	4,597,296	100.0%	4,806,138	100.0%	▲4.3%

*“Existing stores”is defined as stores that have been open for 18 months or more.

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SG&A Expenses

●Personnel costs
Increased by ¥19 million due to base salary increases (fixed cost rise), among other factors.

●Depreciation expenses
Increased by ¥21 million due to investments in MeKEL Store No. 1 and the establishment of a new product development lab.

●Other
Increased costs related to branding and marketing, shareholder-related expenses, and internal IT expenses.

Unit: ¥1K

	1Q（2024/4～2024/6）				
			Previous Period Results*		YoY change
		Ratio to Net sales		Ratio to Net sales	
Labor	606,248	13.2%	587,232	12.2%	+3.2%
Packing and transportation costs	317,226	6.9%	295,506	6.1%	+7.4%
Rental expenses	145,743	3.2%	156,990	3.3%	▲7.2%
Depreciation and amortization	53,743	1.2%	32,660	0.7%	+64.6%
Others	383,928	8.3%	358,532	7.5%	+7.1%
Total	1,506,889	32.8%	1,430,922	29.8%	+5.3%

*The figures for the previous three quarters have not been reviewed by an external auditor.

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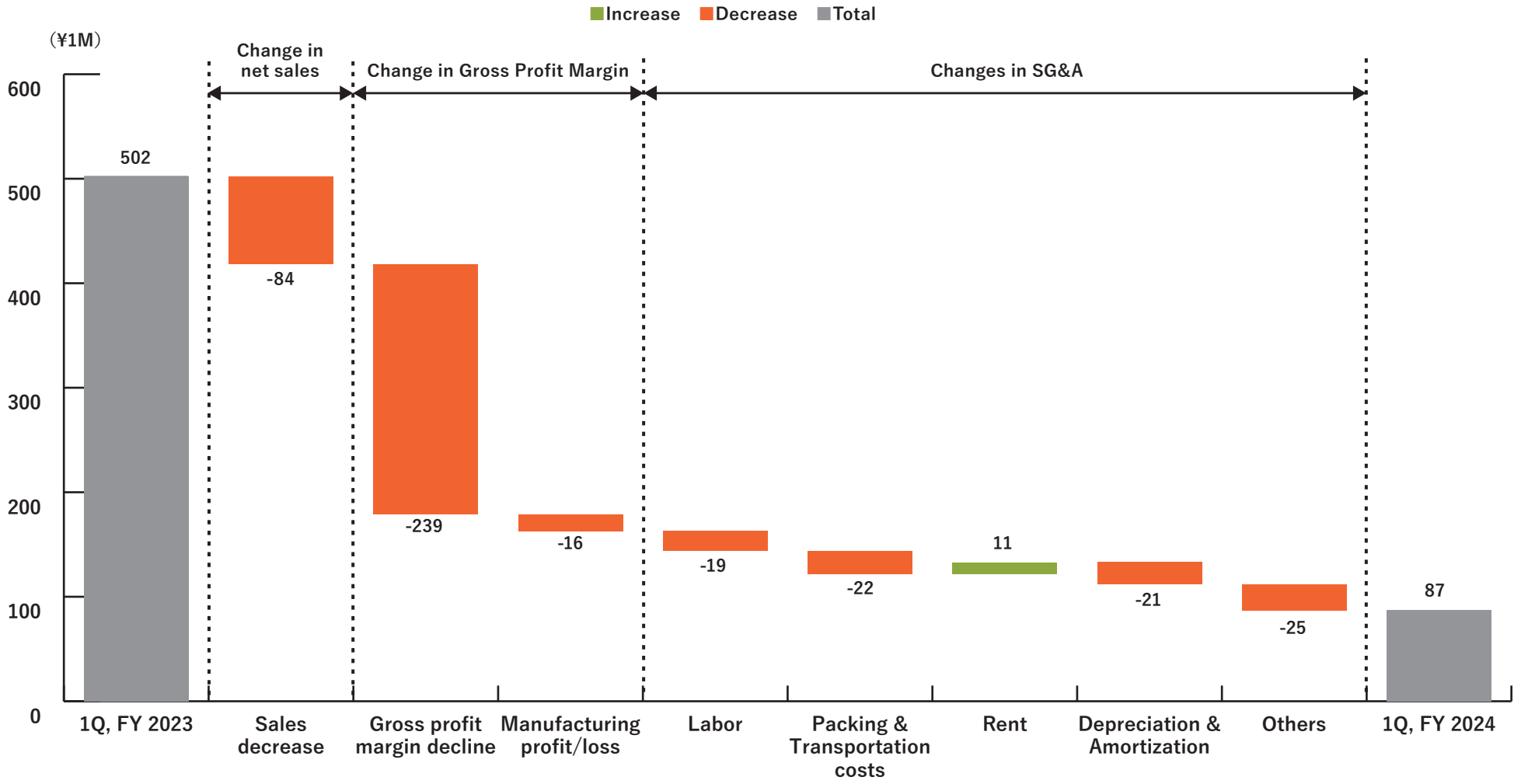
Consolidated Operating Profit YoY

- Gross Profit Margin: Worsened due to changes in sales composition by channel and price reductions on products since December 2023.
- Costs: Increased due to base salary increases and higher depreciation expenses from investments in new stores and development labs.



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Progress Rate Against Consolidated Earnings Forecast

Progress of Group Performance and Sales by Channel Against Full-Year Earnings Forecasts Are as Follows:

Progress Rate Against Consolidated Earnings Forecast

Unit: ¥1M	1Q(4/2024～6/2024)	Full-year consolidated forecast	Progress
Sales	4,597	20,913	21.9%
Operating profit	87	1,342	6.4%
Operating Profit Margin	*1.9%*	*6.4%*	
Ordinary profit	168	1,329	12.6%
Profit attributable to owners of parent	79	864	9.1%

Progress Rate Against Sales Forecast by Sales Channel

Unit: ¥1M	1Q(4/2024～6/2024)	Full-year consolidated forecast	Progress
Directly managed stores	1,464	6,535	22.4%
Franchises	1,779	7,282	24.4%
E-Commerce	303	1,168	25.9%
Wholesale	621	3,842	16.1%
Global	428	2,084	20.5%
Total	4,597	20,913	21.9%

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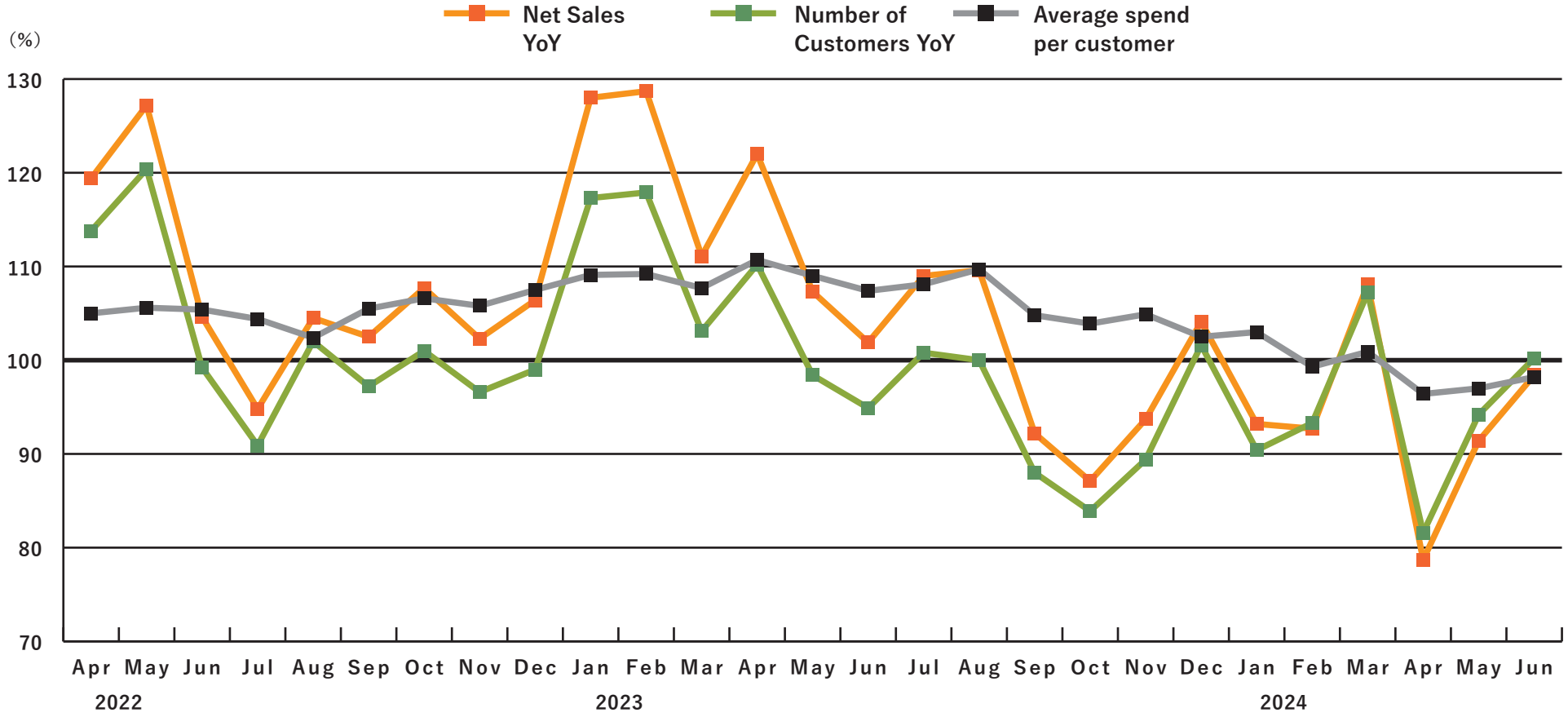
Existing stores* Sales, Customers, and Sales per Customer

The number of customers at existing stores for the current consolidated fiscal year decreased by ▲8.1% compared to the same period last year. There was a significant impact from a rebound decrease following exposure on a major TV program in April of the previous year, but numbers began to rise again from June onwards.



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Number of stores by business type

During the first quarter of the current consolidated cumulative period, one new Kuze Fuku & Co. store (one franchise store) was opened. There were no store closures during the first quarter of the current consolidated cumulative period.

Unit: stores

		Number of stores End of FY 2023	End of June 2024 (4/2024-6/2024)		
			Opened	Closed	Number of stores
St.Cousair	Directly managed stores	12	-	-	12
	Franchises	4	-	-	4
	Total	16	-	-	16
Kuze Fuku & Co.	Directly managed stores	39	-	-	39
	Franchises	115	1	1	115
	Total	154	1	1	154
MeKEL	Directly managed stores	1	-	-	1
	Franchises	-	-	-	-
	Total	1	-	-	1
Total	Directly managed stores	52	-	-	52
	Franchises	119	1	1	119
	Total	171	1	1	171

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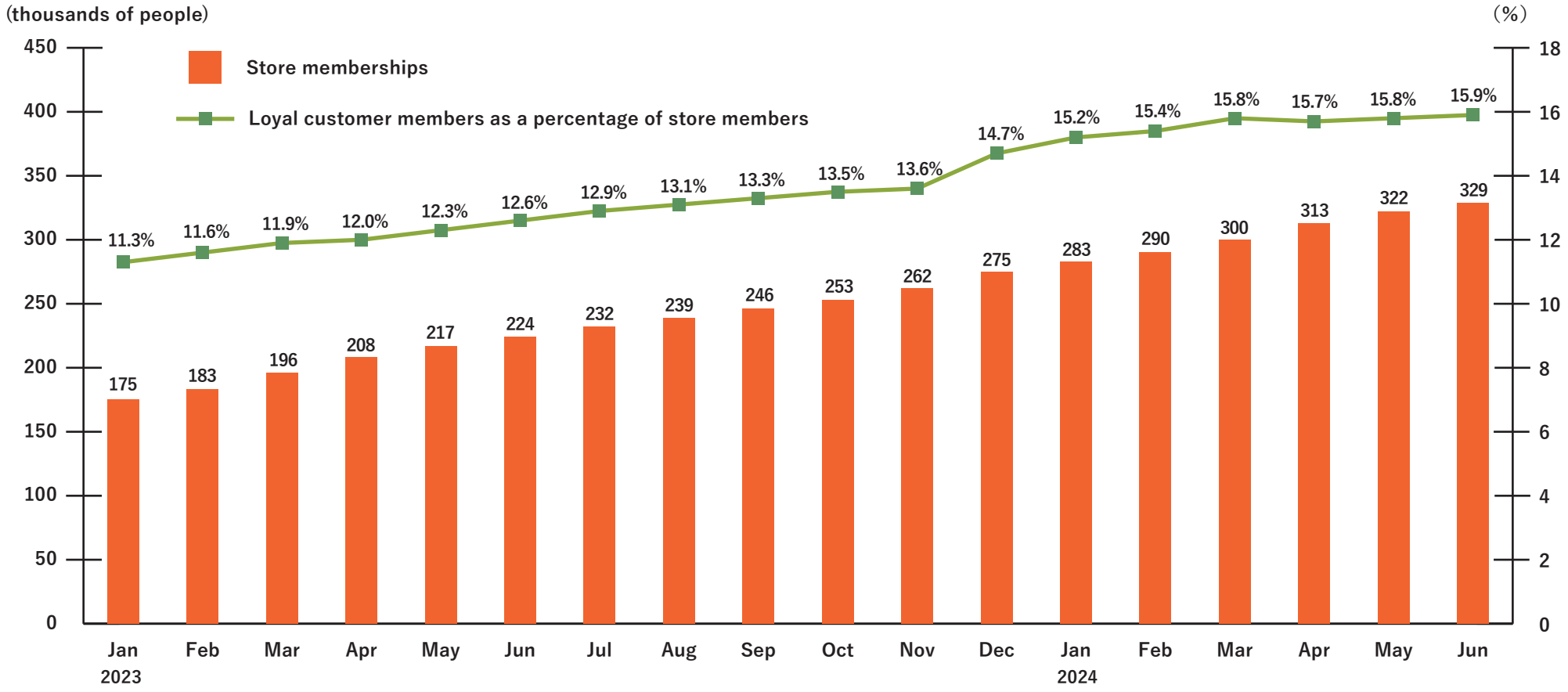
Number of Store Members and Ratio of Loyal Customers

- Official app launched in April 2021. Since then, the number of customers registered on the app has steadily increased.
- To increase the number of customers who become fans of our company, we are delving deeper into customer needs through hearings and surveys at our retail stores. The proportion of loyal customers among store members is on the rise.



*1. The above graph shows the number of customer members who use our stores, excluding EC members. *2. We define "loyal customers" as those registered in our official app whose total purchase amount exceeds a specified amount set by the company within seven months from the reference date (end of each month).

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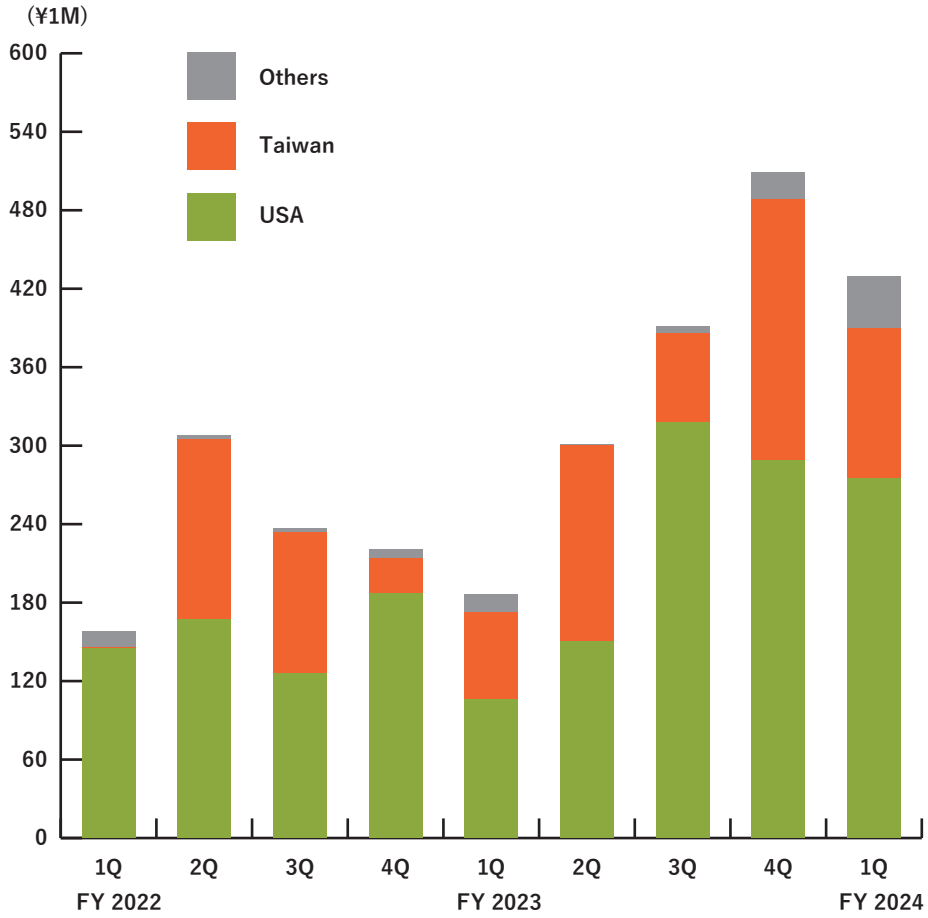
Global Status: Sales by Country

During the first quarter of the current consolidated cumulative period, sales by country increased by ¥169 million for the United States and ¥47 million for Taiwan.

Sales by Country*1, 2



Highlights

USA

- Due to the inclusion of sales from the Portlandia Foods brand, which was acquired in June 2023, first quarter sales for the current period increased by ¥169 million compared to the same period last year.
- For the current consolidated fiscal year, the average exchange rate used for translating the profit and loss of the U.S. subsidiary was ¥148.63 per USD (¥132.42 per USD for the same period last year).

Taiwan

- Sales to a major U.S. retail chain have continued to be strong since the previous fiscal year, resulting in first quarter sales for the current period increasing by ¥47 million compared to the same period last year.

Others

- In addition to Australia, Hong Kong, and Canada, transactions with customers in South Korea began from the fourth quarter of the previous fiscal year.

*1. Counted by final country of sale. *2. The above figures have not been audited by an external auditor. *3. This applies to our US subsidiary from January to March 2024.

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Balance sheet

Fixed assets increased due to investments in the first MeKEL store and the establishment of a new product development lab.

Unit: ¥1K	End of June 2023	End of March 2024	End of March 2024		
				YoY change	Change from previous year-end
Cash and deposits	3,411,039	2,660,149	2,229,453	▲34.6%	▲16.2%
Accounts receivable	1,591,799	2,206,610	1,531,053	▲3.8%	▲30.6%
Inventory	1,900,192	1,523,707	1,881,667	▲1.0%	+23.5%
Other current assets	110,611	124,792	111,183	+0.5%	▲10.9%
Allowance for doubtful receivables	-74	-313	-9		
Total current assets	7,013,568	6,514,945	5,753,347	▲18.0%	▲11.7%
Total fixed assets	2,323,150	2,907,589	2,944,553	+26.7%	+1.3%
Total assets	9,336,719	9,422,534	8,697,901	▲6.8%	▲7.7%
Total liabilities	5,060,829	4,680,457	4,168,810	▲17.6%	▲10.9%
Total net assets	4,275,889	4,742,077	4,529,090	+5.9%	▲4.5%
Equity ratio	45.8%	50.3%	52.0%	+6.2%	+1.7%

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ROIC・ROE

In addition to the decline in profitability due to reduced revenue, increased capital investment has led to a decrease in both ROIC and ROE compared to the same quarter last year. However, these metrics are still above general benchmarks.

■ROIC (last 12 months)

10.1%

Same quarter last year 14.7%

Formula

$$\frac{\text{Operating profit x (1 - effective tax rate)}}{\text{(shareholders' equity + interest-bearing debt)}}$$

■ROE (last 12 months)

12.1%

Same quarter last year 18.3%

Formula

$$\frac{\text{Profit attributable to owners of parent company}}{\text{Net worth}}$$

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Caution

The performance forecasts and future projections described in this document are based on information available at the time of preparation. Please be aware that actual performance and outcomes may differ significantly from these forecasts due to changes in domestic and international economic conditions, internal and external factors, and various other influences.

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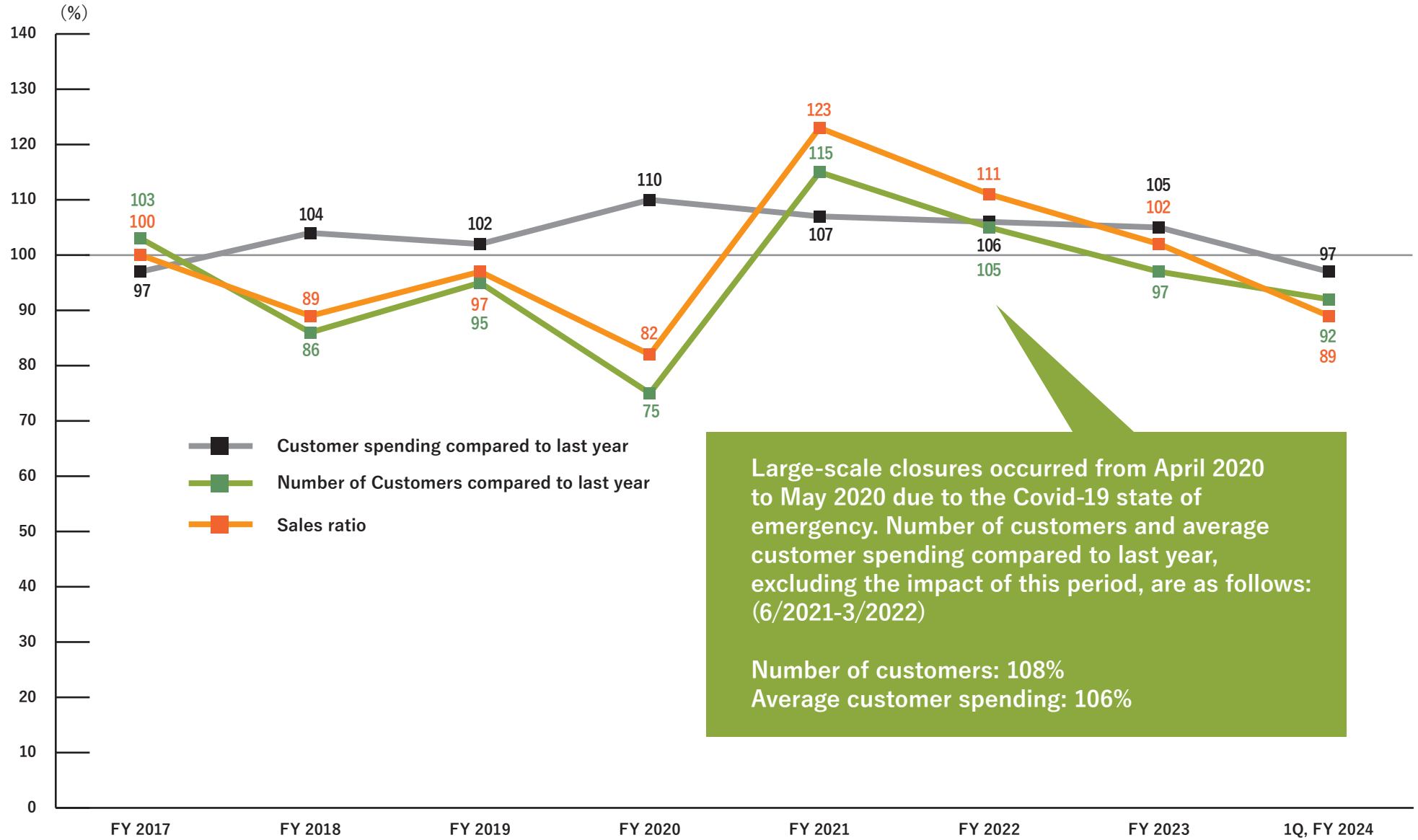
Existing Store Sales*, Customers, and Average Spending per Customer YoY



*1:“Existing stores”is defined as stores that have been open for 18 months or more. *2: We calculate the previous-year comparisons of sales, number of customers, and average customer spending for stores that have been open for 18 months or more at the beginning of each fiscal year.

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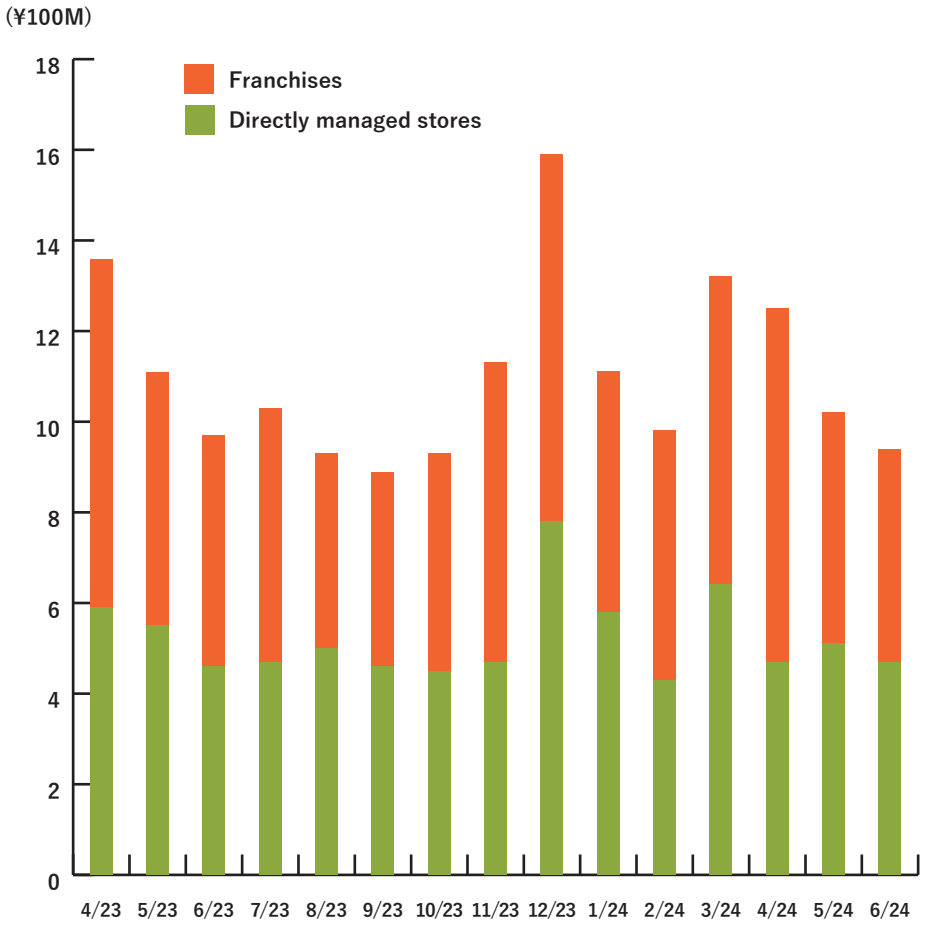
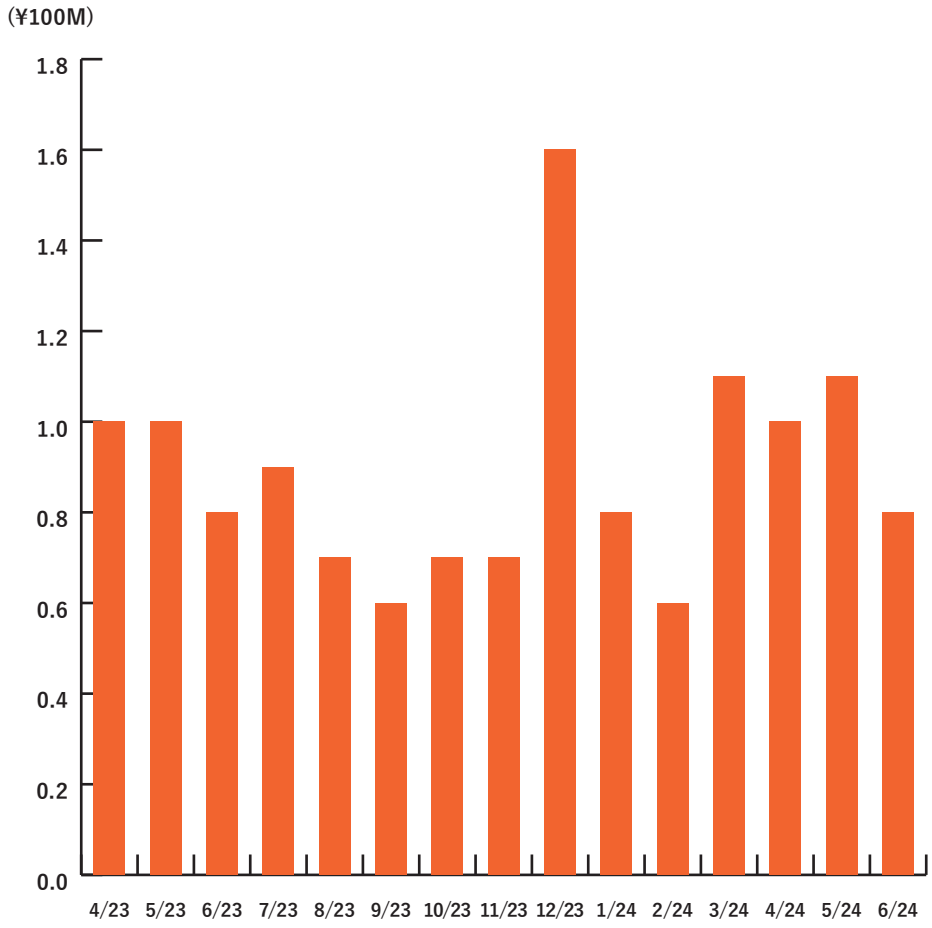
Performance by sales channel (Brick & mortar stores/E-commerce)

Quarterly sales (Brick & Mortar stores)



Quarterly sales (E-commerce)



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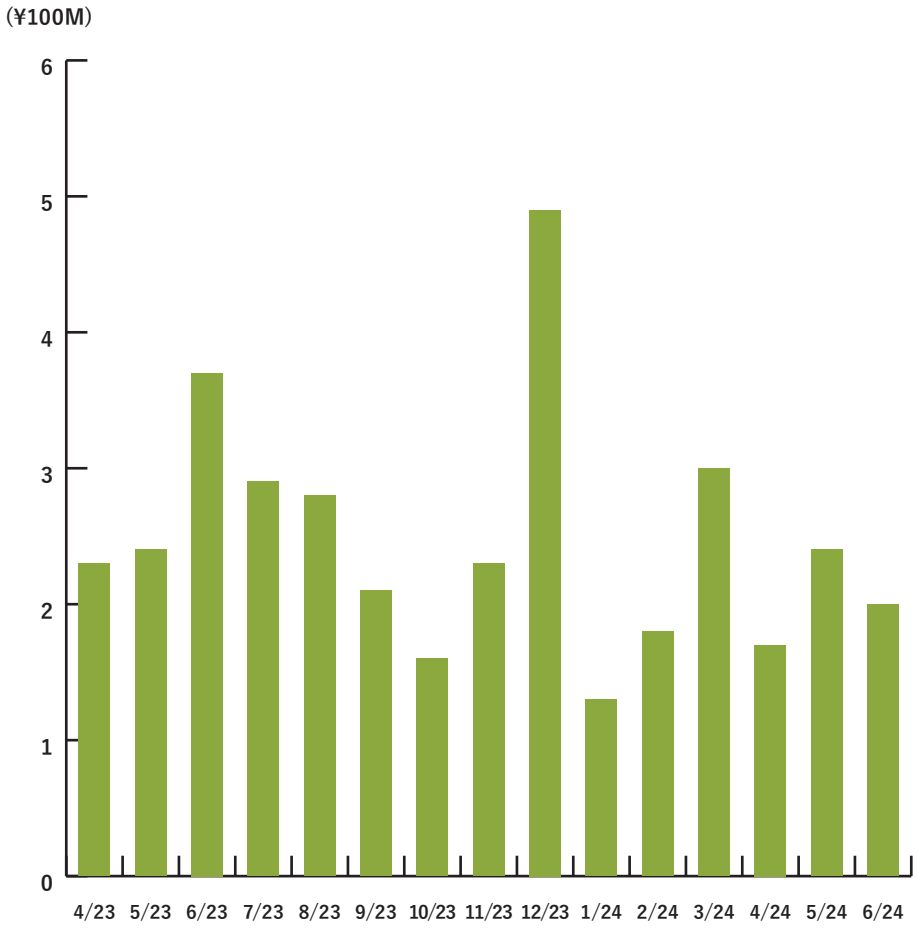
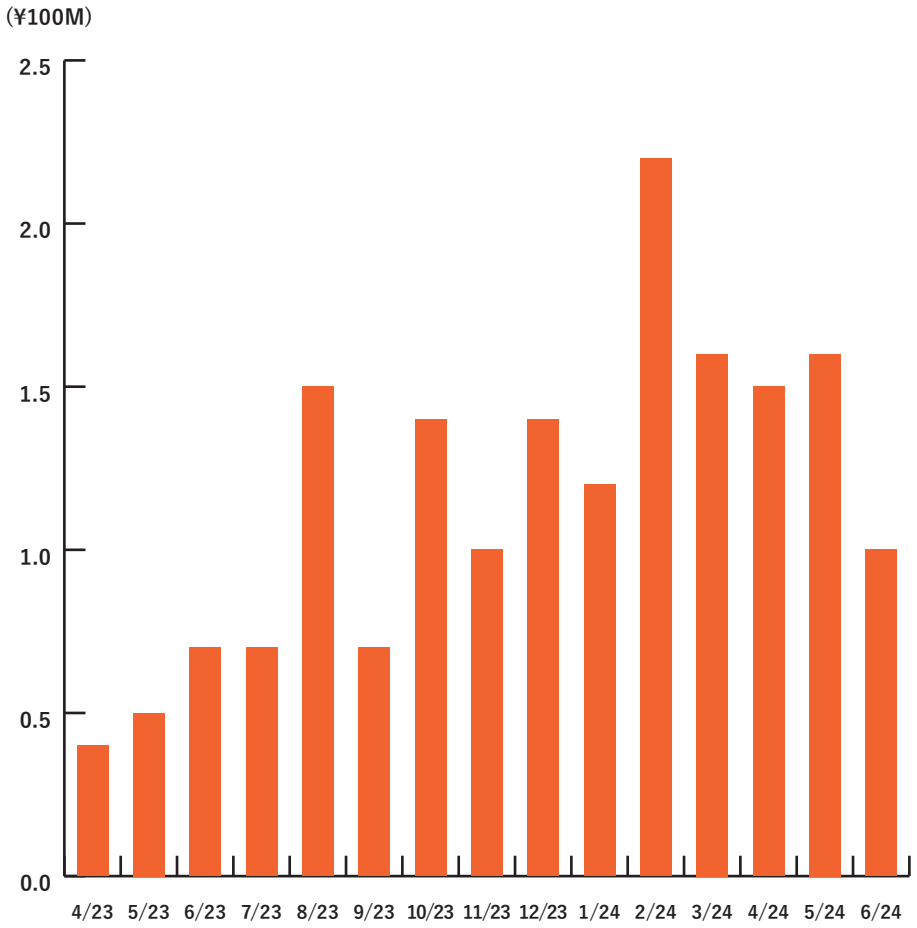
Performance by sales channel (Wholesale & Global)

Quarterly sales (Wholesale)



Quarterly sales (Global)



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Previous quarterly consolidated results

Unit: ¥1K	FY 2023 1Q	Composition ratio	2Q	Composition ratio	3Q	Composition ratio	4Q	Composition ratio
Sales	4,806,138	100.0%	4,212,860	100.0%	5,285,263	100.0%	4,858,655	100.0%
Gross Profit	1,933,554	40.2%	1,621,506	38.5%	1,885,250	35.7%	1,613,436	33.2%
Operating income	502,632	10.5%	243,836	5.8%	341,528	6.5%	201,194	4.1%

Unit: ¥1K	FY 2022 1Q	Composition ratio	2Q	Composition ratio	3Q	Composition ratio	4Q	Composition ratio
Sales	4,198,020	100.0%	3,929,212	100.0%	5,055,894	100.0%	4,682,521	100.0%
Gross Profit	1,728,763	41.2%	1,502,712	38.2%	1,973,802	39.0%	1,824,796	39.0%
Operating income	444,886	10.6%	223,073	5.7%	510,222	10.1%	421,606	9.0%

Unit: ¥1K	FY 2021 1Q	Composition ratio	2Q	Composition ratio	3Q	Composition ratio	4Q	Composition ratio
Sales	3,038,023	100.0%	3,154,253	100.0%	4,304,157	100.0%	3,668,625	100.0%
Gross Profit	1,256,263	41.4%	1,355,158	43.0%	1,760,638	40.9%	1,408,964	38.4%
Operating income	262,915	8.7%	302,264	9.6%	503,547	11.7%	247,726	6.8%

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New product information: St.Cousair FY 2024 1Q








Annual
3 Types

Vinegar Drinks
Pomegranate・Cabernet Sauvignon・Bergamot Lemon





Seasonal
Summer jam
3 Types

Mango Citrus





Ume Liqueur
2024

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New product information: Kuze Fuku & Co. FY 2024 1Q





Annual item

Katsuo Tsuyu Sauce





Annual item

Poro Chocolat
Salt & Lemon





Seasonal item

Kuze Fuku Chilled Soup
with Shimane Rosy Seabass



Annual item

Jelly Drink
Shiranui/Unshu Mandarin Orange/Kiyomi/Plum

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New product information: Wholesale FY 2024 1Q





Kuze Fuku & Co.

Mini Taiyaki Pancakes

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New store information FY 2024 1Q



Kuze Fuku & Co.

Kuze Fuku & Co. AEON Mall Kusatsu Store

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